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# Your Guide to Ontario's New Election Finances Law.



Prepared by the  
Commission on Election  
Contributions and Expenses.  
August 1975.





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## A message from Ontario's Commission on Election Contributions and Expenses.

This booklet should be read by everyone involved in Ontario provincial politics. It was put together by The Commission on Election Contributions and Expenses as a guide to The Election Finances Reform Act.

The main objectives of the new law are: first, to limit the amount which any person, corporation, or union may contribute to any political party or its candidates and so remove the possibility that any government or party can be influenced in its policies by wealth; and second, to provide for disclosure to the public of those who contribute money to all parties and the amount of their contributions.

The Act also makes provision for the Province to pay certain amounts towards the expenses of candidates. You are, through your taxes, taking part in every election and therefore you should be fully informed.

The Ontario Income Tax Act and Corporations Tax Act have also been changed in a way that will affect political financing. Now they provide a tax benefit to any person or company who donates money to support candidates or parties in Ontario.

This booklet is prepared for the information of citizens generally to inform them as to the responsibilities of candidates, constituency association officials, chief financial officers, fund raisers and advertising advisers in order that they may have the information they need to guide them in complying with the provisions of the Act.

The booklet provides general information only. If you find yourself in a situation that doesn't seem to be covered here, and your candidate or member cannot clarify it for you, call or write us here, at the Commission, and we will respond.

This new law is important. By limiting individual contributions, it will tend to make politics more responsive and involve more people in it. And by controlling the amounts that can be spent on media advertising, it will help make political contests more even across Ontario.

We want your co-operation to make The Election Finances Reform Act work the way it should work — to improve the political process in Ontario.

Arthur A. Wishart,  
Chairman,  
For the Commission

# The Candidate

## Section 1



So, read this section of the booklet very carefully. And if there's anything that still isn't clear, discuss it with your party. If you're still in doubt, call us here at the Commission.

**I understand I'll have to tell the Commission about all my contributions and expenses. Am I supposed to keep track of it all myself?**

The Election Finances Reform Act will bring the financing of all Ontario political campaigns out into the open. A summary of the total amounts your campaign raises and spends will be made public. And a list of the names and addresses of everyone who donated more than \$100 to your campaign will be kept by the Commission and will be available to the public.

You're responsible for making sure The Commission on Election Contributions and Expenses is given all the financial information about your campaign, and for making sure the information we're given is accurate. And that's your responsibility whether you win or lose the election.

If you fail to live up to it, you can be fined. You can be barred from running in the next election. You can even be required to give up your seat in the Legislative Assembly.

Nobody expects a candidate to be able to keep track of all the financial details of his campaign himself. That's why The Election Finances Reform Act spells out a number of organizational steps you'll have to take **before** you can become a registered candidate.

The first step is to select a **Chief Financial Officer**.

He'll be in charge of keeping all your financial records and completing the reports your campaign will have to make to the Commission. This is an important job, and we recommend you select someone who has a good knowledge of accounting or bookkeeping. We also recommend that your Chief Financial Officer also act as your Official Agent. You may even decide to choose the same person who acts as C.F.O. for your constituency association. Complete and detailed guidelines to The Elections Finances Reform Act



will be provided to your C.F.O. by the Commission, so he or she will understand exactly what responsibilities are involved in the job.

Next, you will have to appoint an auditor — a licenced professional accountant — who will examine and report on your campaign financial statement and records. The Commission will help you pay the auditor's fees.

While anyone can collect money for your campaign — say by a door to door canvass — this money must be turned over to the people you have authorized to receive it and whose names are on record with the Commission. Only these people can issue Official Receipts for contributions.

Also you have to decide on all the **bank accounts** your campaign is going to use, and who will have signing authority for the accounts. The Act says that every financial contribution you receive has to be deposited in one of these accounts.

And you should decide where your campaign records are going to be kept. The Commission has the right to inspect your records, and it's up to you to inform the Commission of the address or addresses where the books will be kept.

## Once I've made those 5 decisions, what do I do next?

Your next step is to **register** as a candidate with The Commission. Every candidate in an Ontario Provincial Election or By-Election must be registered. Until you have been registered, you cannot set up an independent campaign to raise money or to spend money to help you get elected, although your

party and constituency association can raise and spend money on your behalf.

And you can't spend any of your own money on your campaign before you're registered.

You can apply for registration as soon as you receive your party's official nomination. If you're running as an independent, you can apply as soon as the election is called, so long as you have declared your candidacy publicly.

Your registration takes effect the day the election is called, or the day after you file it with The Commission, whichever is later. If you want to apply by registered mail, your registration takes effect on the second day after you mail the form.

If you register, and decide later that you want to withdraw from the election, you must notify the Commission in writing immediately.

## So — I can start raising money and campaigning as soon as my registration takes effect.

That's right. But remember — your registration only takes effect the day the election is called.

And even then The Election Finances Reform Act places limits on the amount of money your fund raisers can accept from any single contributor. And it spells out in detail how the money you raise must be handled.

That's why it's so important for your Chief Financial Officer to go over the guidelines issued by the Commission very carefully. The same goes for the C.F.O. for your constituency association.

And the Act also limits the amount of money your campaign can spend on media advertising, and it limits your advertising to a period of 21 days ending two days before voting day. So make sure your advertising advisers read this booklet carefully.

## Are there limits on how much of my own money I can spend?

Yes there are. Any of your own money you spend on the campaign is considered to be a contribution, and you're bound by the same limits as any other contributor.

There's a table in the "Fund Raisers" section of this booklet that tells you about the limits on any other political contributions you might want to make.

## What happens when the campaign is over?

Win or lose, you have to file with the Commission a complete accounting of all the money raised and spent. It's up to you to make sure your Chief Financial Officer prepares this within six months of voting day.

The Commission will publish a summary of the total amount of your campaign receipts and the total amounts you spend in your local paper or papers. A list of the names, addresses and the amount of their contribution of everyone who donated more than \$100 to your campaign will be available to the public at our offices.

We'll use the financial statement you file with us to determine the amount the Commission will reimburse you for your campaign expenses. If you get 15% of the popular vote, you're eligible for this financial help. The details of how that part of the new law works are in the Chief Financial Officer's section of this booklet.



# The Constituency Association

## Section 2



Like candidates and political parties, constituency associations must register with The Commission on Election Contributions and Expenses. Your association must appoint a Chief Financial Officer and an auditor and must keep detailed records of income and expenditures. Details on how to register, together with the appropriate forms and detailed guidelines on the new law for your Chief Financial Officer are available from the Commission.

Most of the rules spelled out in the sections of this booklet dealing with the Chief Financial Officer and Fund Raisers also apply to constituency association, so we recommend a careful reading of these sections.

## Once we've registered, how often do we have to submit financial reports to the Commission?

You have to file statements of the contributions you received and your expenses annually. You must also file the names and addresses of each person, company or union who contributes more than a total of \$100 in any one year.

And you're required to keep separate records and file a separate report with the Commission covering the contributions you receive and the expenditures you make during any election campaign period. So it's important to keep these election activities separate from your normal operations.

## How does the money we raise or spend during an election affect our candidate's fund-raising or advertising spending limits?

Your association can raise money during an election independently of the candidate's campaign organization. But you are limited as to how much you can accept from any one contributor in any single year.

Your association cannot accept more than \$500 from any one person, company or union during any year, whether there is an election that year or not. But when there is an election, anyone who has donated the full \$500 to your association is free to donate up to \$500 more directly to the candidate's organization. And of course anyone may also make contributions to a political party. You'll find a table giving the details of the contribution limits in the fund-raisers section of this booklet.

During a campaign period, you can transfer funds from your association to the candidate's campaign organization. You have to keep records of the individual sources of the money, but the candidate has only to record that it came from the constituency association.

The total amount each candidate can spend on media advertising during the campaign is limited by The Election Finances Reform Act to 25¢ per eligible voter as shown on the revised voters' list. Any money your association spends on this kind of advertising during the campaign counts towards your candidate's total permitted spending limit.

## What about special fund-raising events? Do we have to record all the details about who came and how much money we raised from each participant?

Not always. If you take up a collection at a meeting or other function, you are required to record the total that was collected. You can accept donations of \$5 or less at these functions as anonymous donations, but any thing over \$5 is a contribution and must be recorded together with its source.

And if you hold a dinner, dance or social event for which you sell tickets, you can apply half the ticket price or \$25 — whichever is smaller — to expenses. The remainder of the price must be recorded as a contribution if it's more than \$10.

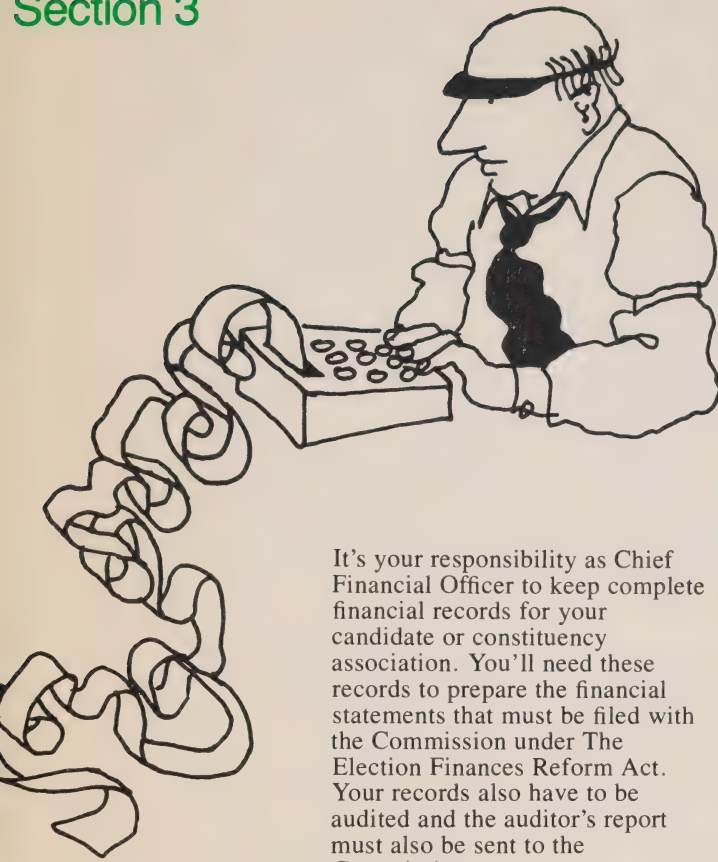
## What happens if we change our Chief Financial Officer or other member of our executive?

Whenever there's **any** change that affects the information you filed with the Commission when you applied for registration, you must notify the Commission in writing within 30 days.



# The Chief Financial Officer

## Section 3



It's your responsibility as Chief Financial Officer to keep complete financial records for your candidate or constituency association. You'll need these records to prepare the financial statements that must be filed with the Commission under The Election Finances Reform Act. Your records also have to be audited and the auditor's report must also be sent to the Commission.

You have another responsibility, too. It's up to you to make sure no one in your campaign or constituency association accepts contributions that are prohibited by the Act, or that exceed the limits on contributions set out in the Act. If any such contributions are accepted, it's up to you to return them as soon as you learn of it.

Being a Chief Financial Officer is an important job. That's why the Commission has prepared special detailed guidelines to the new law for C.F.O.'s. They're available from us here at the Commission.

And that's also why we recommend that the C.F.O. for the candidate also act as his Official Agent under The Election Act. That will help make sure you're in a position to keep a very close eye on every aspect of the campaign.

**Let's start with the contributions. What information do I have to record about contributions we receive?**

You should record the name and address of every person, company or union who makes a donation to your candidate or constituency association. That includes any money that the candidate himself spends on his own campaign. And wherever the total contribution received from any single source over the period of a year or through the entire campaign period works out to more than \$100, you'll have to file the name and address of that contributor and the amount of the contribution with the Commission.

And each contribution you receive must be deposited in a bank, trust company or credit union account in the name of your campaign organization or constituency association. You'll have to issue official receipts for each donation, too.

## What about contributions from groups of people?

The only groups you can accept contributions from are corporations and unions. If any other group wants to make a donation, it must be recorded as coming from the individual members of that group. And these contributions count towards the limits on the total contributions permitted to these members under the Act.

## What about fund-raising events?

It depends on the event. If there's a ticket charge, you can consider half the ticket price or \$25 — whichever is less — as expenses. If the remainder works out to more than \$10, you must record it as a contribution together with the name and address of the contributor.

As for collections at meetings or other gatherings, you must record the total amount raised. You have to record the sources of individual contributions only where the amount given is greater than \$5.

## Are there any other contributions I can accept without recording the names of the people or companies or unions who put up the money?

Yes. Both the candidate's organization and the constituency association can accept funds from the provincial party and trust funds that have been registered with the Commission. All you have to record is that it came from the party. And candidates can accept money from their constituency associations, recording that it came from the association rather than its individual sources. Any such funds must, of course, be deposited in one of your accounts.

In both these cases, the group that originally accepted the contribution — the party or the constituency association — will have recorded the names and addresses of individual contributors.

## What about donations of goods or services? Do I have to count these as contributions, too?

When services are donated, the basic rule is that any work that is done by people acting on a purely voluntary basis does **not** count as a contribution. And if a company or a union voluntarily makes people available to help in your campaign, this does not count as a contribution, either.

But any goods you receive as donations **do** count as contributions if their value is greater than \$100 and they must be recorded.



It's up to you as C.F.O. to set the value of all these donations of goods. The rule is that goods must be considered contributions equal in value to what their normal cost in your area would be. For instance, if someone donates letter head and envelopes that would normally cost \$120, you must record it as a contribution of \$120, and you must also record the name and address of the contributor.

That applies to any goods you receive at a reduced price, too. In that case, the value of the contribution would be the difference between the price you paid and the normal selling price of the goods. And if it works out to more than \$100, you must record it as a contribution together with the name and address of the contributor.

The same goes for any election advertising placed by anyone else except your provincial party, but with the knowledge and consent of your candidate. If its normal cost would be more than \$100, you must record it as a contribution. And it also counts towards your limit for commercial advertising under the Act.

## Which contributions can't I accept, and what do I do about them?

You can't accept contributions from any person who does not live in Ontario, a company that does not carry on business here or a union that does not represent employees in the Province.

You can't accept contributions from political parties in other provinces or at the Federal level. You can't accept anonymous contributions.

You can't accept contributions from anyone who is offering to donate money that does not belong to him.

And no candidate or constituency association can accept contributions over the limits set out in the Act from any single source.

It's possible that there'll be some mistakes and you may find that you've received contributions prohibited by the Act. In that case, it's up to you to return them. If the donor is anonymous and can't be found, you are required to turn the contribution over to the Commission.

Details about the limits on contributions from individual sources are spelled out in the fund raisers' section of this booklet, and in the special guidelines for C.F.O.'s.

## At the end of the election, I have to have my records audited and then send a financial statement to the Commission?

That's right. The Commission will provide you with forms to fill out giving us the information we require. They'll call for a summary of your total contributions and expenses. And you'll also be required to file the names and addresses of every person, company or union who donated more than \$100.

Constituency associations are also required to file reports annually with the Commission, whether there's an election that year or not.

The reports to the Commission must be audited. The Commission will pay the costs of the audit up to a maximum of \$500 for candidates and \$250 per year for constituency associations.

The Commission will publish a financial summary of your campaign income and spending in a newspaper in your area. And all the names of contributors who gave more than \$100 will be kept on file at the Commission and will be available here to the public.

## And then we get a grant from the Commission to cover part of our campaign costs?

Once you've filed the financial reports called for under the new law, your campaign is entitled to financial support from the Commission **if** your candidate received 15% or more of the popular vote, and **if** your financial statement is in order.

Your campaign's entitled to 16¢ for each of the first 25,000 eligible voters in your constituency and 14¢ for each voter over that first 25,000 — or your actual campaign expenses — whichever is smaller.

If you're in the constituencies of Cochrane North, Rainy River, Kenora, Lake Nipigon, Algoma or Nickel Belt, you'll get an extra \$2500 to help offset the higher travel costs in those areas.

If you end your campaign with a deficit, you **must** use the subsidy from the Commission to pay off the debts you've incurred. If you end with a surplus, the extra money must be turned over to your party or constituency association.

## What if we need a loan to tide us over until the subsidy from the Commission comes through?

You can borrow money from any chartered bank or other recognized lending institution. But you must record the terms of the loan and report it to the Commission. You may **not** accept loans from any person, company, or trade union or from any other organization except a recognized lending institution.



# The Fund Raiser

## Section 4



You'll have to provide your Chief Financial Officer with accurate information as to the source of every contribution you collect. Every Chief Financial Officer has to give that information to The Commission on Election Contributions and Expenses. If he doesn't, there are penalties and it could even cost your candidate the election.

**You say there's a limit on how much any one contributor can give. What's the limit?**

In any year, any person, company or union may contribute up to \$2,000 to a provincial party. They may contribute up to \$500 to any constituency association, but their total contribution to all constituency associations of the same party may not exceed \$2,000.

The Election Finances Reform Act makes some important changes in the role of the political fund raiser.

To begin with, it brings all your efforts out into the open. Who gives you money. How much they give. That will be public information now if any donor gives more than \$100. And there are specific limits as to the amount of money you can accept from any single contributor.

Now, lets look at the campaign period.

During an election, individuals, companies and unions are permitted to make extra contributions. They may give up to an additional \$2,000 to a provincial party, and they may contribute up to \$500 to any candidate, but their total contribution to all candidates of the same party may not exceed \$2,000.

### Maximum Contributions

|                                      | To A<br>Provincial<br>Party | To<br>Constituency<br>Associations<br>each total | To<br>Candidates<br>each total |
|--------------------------------------|-----------------------------|--|--------------------------------|
| Annually                             | \$2,000                     | 500 2,000  | Nil                            |
| Extra during<br>a campaign<br>period | \$2,000                     | Nil  | 500 2,000                      |

These totals include any contributions in kind. The value of such contributions should be calculated as described in the Chief Financial Officer's section of this booklet.

If you do accept more than the limit from any one source, your Chief Financial Officer is obliged to return the excess to the contributor. If he does not, any persons responsible can be prosecuted.

## What about contributions from organizations?

Only individuals, corporations and trade unions can make contributions to parties, constituency associations or candidates. If an unincorporated association gives you a contribution, they must get the money from their members and tell you who has contributed and how much; and the amounts count toward the total contribution limits for these people.

For instance if the Downtown Businessmen's Association, or your local Labour Council wants to make a contribution, they must tell you which members have contributed and how much. If these members have already contributed their maximum of \$500 to your candidate or association, you cannot accept anything further from them.

## What contributions can't I accept?

You can't accept contributions from anyone who insists on remaining anonymous. And you cannot accept contributions from any person not resident in Ontario, from any company not carrying on business here, or from

any union that does not represent employees in this province.

And you cannot accept contributions from anyone who is offering money that is not his own. If an executive of a company offers a donation that is really company money merely being passed through him to get around the contribution limit placed on the company by the Act, you cannot accept it.

## What do I do with the money I collect?

**Every** contribution you accept must be given immediately to your C.F.O. He is required to deposit it in one of the bank, trust company or credit union accounts your candidate or constituency organization has registered with the Commission. Your Chief Financial Officer will assure that receipts are provided for all contributions.

## What about this tax credit to help encourage people to give money?

Both individuals and corporations can claim a tax benefit that will partially offset the costs of their contribution. The tax credit will reduce the amount of Ontario income tax individual contributors have to pay, and are quite separate from the credits allowed against your Federal income tax for contribution to federal political parties.

The table below shows the **tax credit** available to individuals under the amended Ontario Income Tax Act.

| Total Contributions | Credit Calculation  | Maximum Credit |
|---------------------|---|----------------|
| up to \$100         | 75% of contribution   | \$75           |
| \$101 to \$550      | \$75 plus 50% of the amount over \$100  | \$300          |
| more than \$550     | \$300 plus 33-1/3% of the amount over \$550,<br>or<br>\$500<br>whichever is smaller | \$500          |

If your contributor's total contribution to **all** registered parties, constituency associations and candidates is less than \$100, he can claim a tax credit of 75% of the amount contributed. And so on as shown in the table. As you can see, the tax credits permit people to make contributions at relatively small cost to themselves and so should help you in your fund-raising.

The tax benefit for corporations works somewhat differently. It permits companies to deduct up to a maximum of \$4,000 from the Ontario portion of their taxable income when calculating their Ontario corporation taxes. No company can use this deduction to create a tax loss, but they are permitted to carry all or part of the deduction over to subsequent years.

No person or company can claim a tax benefit resulting from their contributions unless they produce an Official Receipt for the amount contributed.

## Is there any limit on how much I can raise in total?

No. The purpose of the limits on contributions from any one source is not to keep you from raising as much money as your campaign planners think they need. You can try to get the maximum donations from as many contributors as you can turn up.



# Advertising

## Section 5



Media advertising has become a very important and very expensive part of political campaigning. Because it is so expensive, the danger has been that candidates who are very well-financed may have a disproportionate advantage over candidates who have less money.

So The Election Finances Reform Act limits the period of time during which your candidate can use media advertising in his campaign. It also limits the amount any party, constituency association and candidate is permitted to spend on media advertising.

It's up to whomever is in charge of advertising to plan your media budget and schedule in accordance with these limits.

## So when can we start our campaign advertising?

No candidate, constituency association or party can begin campaign advertising in the media and by means of outdoor commercial advertising (billboards, etc.) after the election has been called until the 22nd day before polling day, and you can't advertise the day before polling day or on polling day itself. For instance, if polling day were May 28th, then campaign advertising could **only** be done during the period from May 6th through May 26th.

There are some exceptions to this. You can advertise earlier to announce public meetings, your headquarters location, the services your constituency association will provide with regard to enumeration and revision of the voters' list, or other administrative matters. But these announcements must limit themselves to giving the information people require and not be a general solicitation for support. These limits apply to media and outdoor commercial advertising only. Lawn signs, pamphlets, buttons, etc. can be distributed at any time during the campaign.

## Fair enough. And how much can we spend?

You're limited to a total expenditure of 25¢ for each name on the revised voters' list. And that includes advertisement placed by the candidate's campaign committee and the constituency association combined.

Your provincial party is permitted to spend an additional 25¢ per name on the voters' list, or 50¢ per name during a by-election. These limits apply to the actual cost of media time or space only and do not include production costs, if any, for the advertisements or commercials you will be placing.

## Does the new law have anything to say about the rates I can be charged for media time or space?

Yes. According to The Election Finances Reform Act no publisher or broadcaster can charge you any more for advertising space or time than he would charge anyone else for an equivalent amount of space or time over the same period. If you're buying radio time for example, the station can't charge you "triple A" rates for mid-morning slots.

But the media can't give you special low rates either. No broadcaster or publisher can charge you **less** for space or time than he would charge anyone else for an equivalent amount of space or time over the same period. If he does, the difference between his normal rates and what he charges you counts as a contribution if it's over \$100 in total. And the advertisements count towards your total media spending limit at their full normal price.

## What about free time on local radio or television?

As long as the free time is available to all candidates in the riding on an equal value basis, it does not count as a contribution and it does not count towards your media advertising limit.

## What about ads other people run supporting my candidate?

If **anyone** places advertising supporting your candidate with the consent and knowledge of your candidate, the costs of these advertisements count as contributions, if they exceed \$100 and they count towards your media spending limit.

The same goes for ads that oppose your candidate's opponents, if they're placed with the knowledge and consent of your candidate.

# The Commission on Election Contributions and Expenses

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